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Series A.

MEMORANDUM FOR THE SECRETARY

THROUGH: S/S *[initials]*
G - Mr. Merchant *[initials]* (see note)

FROM: EUR - Foy D. Kohler *[initials]*

SUBJECT: NSC Discussion of U.S. Policy Regarding NATO Defense Posture

Discussion

X 12
611-40

In accordance with your request to Mr. Gerard Smith last week, arrangements have been made through the NSC Planning Board to present a Department paper on key issues of U.S. policy regarding NATO's defense posture to the NSC for discussion on November 12. The attached paper has been prepared for this purpose and is submitted at Tab A for your approval. It has been concurred in by S/P and U/MSO.

We have promised the Department's paper to the Planning Board by close of business on Thursday, November 5, so that a preliminary discussion may be held at the regular Planning Board meeting on November 6. In view of the basic issues involved, we would hope to have your approval of the paper before giving it to the Planning Board. However, if it is not possible for you to indicate your views by that time, we intend to submit this paper as an uncleared draft. The final paper for NSC discussion would incorporate any changes that you consider necessary.

S/P has indicated, and I agree, that the most effective technique for stimulating discussion at the NSC would be for you to have a Departmental officer give an oral presentation of the paper at the NSC meeting, in addition to prior distribution of the paper itself. We believe that Mr. Merchant would be the logical officer to make such a presentation in view of his extensive background in European affairs.

EUR is preparing, in consultation with U/MSO, pertinent data for your reference as necessary in connection with the NSC discussion.

Recommendations:

1. That you approve the paper at Tab A for submission to the NSC for discussion on November 12.

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Approve *[initials]* NOV 4 1959

Disapprove _____

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2. That you

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2. That you designate Mr. Merchant to make an oral presentation of the paper to the NSC.

Approve ✓ C. G. H. NOV 4 1959

Disapprove _____

Concurrences:

RA - Mr. Fessenden *RF*
S/P - Mr. Furnas *H. J. Furnas*

Rm
EUR:RA:RNMagill/np
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Outline

ISSUES OF U.S. POLICY REGARDING THE DEFENSE POSTURE OF NATO

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II. MAJOR POLICY QUESTIONS

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- B. What should the NATO military posture be for the 1960's?
 - 1. "Trip wire" strategy.
 - 2. NATO "Shield" strategy.
- C. What should be the U.S. military contribution to the NATO Shield?
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 - (a) U.S. military forces in Europe.
 - (b) U.S. military aid
 - 2. Could the U.S. objective of an effective NATO Shield force be achieved while reducing the U.S. force contributions and/or military aid?
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ISSUES OF U.S. POLICY REGARDING THE DEFENSE POSTURE OF NATO

I. INTRODUCTION

The problem of the military posture that should be sought for NATO during the 1960's has become particularly urgent for the U.S. Government in recent months. This has been due to the growing recognition that the U.S. balance of payments deficit and budgetary considerations confront the U.S. Government with difficult decisions on the levels of U.S. forces and military aid for NATO. Since such decisions can affect fundamentally the future of NATO and therefore of East-West relations, it is important at this time that we reappraise the Soviet threat to NATO, the NATO military posture required to counter this threat, and the consequences of alternative U.S. courses of action for NATO and for the Western posture vis-a-vis the U.S.S.R. in prospective negotiations.

During the past year, attention has been focused on the U.S. balance of payments deficit, which is resulting in a substantial reduction of U.S. gold reserves and the acquisition of gold and dollar holdings by certain Western European countries. The U.S. might attempt to correct this deficit by means of trade and financial policies, by reduction of U.S. forces abroad, by changes in aid policies, or by some combination of these approaches. Since approximately half of U.S. military expenditures abroad derives from the stationing in Europe of U.S. forces committed to NATO, the question arises as to whether it would be feasible to withdraw any substantial portion of these forces from Europe in the near future. It may be that such a withdrawal would also be indicated by the limitations imposed on the Department of Defense budget for FY 1961. The possibility of further reductions in U.S. military aid to Europe in FY 1961 is raised by U.S. budgetary considerations, and to a much lesser extent by the balance of payments deficit.

It is recognized that decisions on these questions must be made on the basis of judgments regarding the total level of resources available to the U.S. Government and the relative priorities for utilization of these resources domestically and in other areas abroad as well as for NATO. However, it is believed that such broader judgments should be facilitated by consideration of the key policy issues regarding NATO's defense posture. This paper attempts to define the relevant issues of U.S. political-military policy toward NATO, and to evaluate alternative courses of action with respect to these issues.

II. MAJOR POLICY QUESTIONS

A. Has the Soviet threat to NATO changed since 1949?

The Soviet threat to NATO has been broadened and increased, rather than reduced. In large part as a result of West Europe's economic recovery and the successful development of NATO, the U.S.S.R. has for some time been

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seeking to expand its influence, by means short of overt aggression, in other free world areas as well as in Europe. Russian tactics directed at other free world areas represent in part an effort to outflank NATO. Nevertheless, the U.S.S.R. continues to maintain massive forces in Eastern Europe and the Soviet Union, and these forces are a greater threat to NATO than they were in 1949 because of the progressive Soviet development of nuclear and other modern weapons. The increased Soviet strategic capability against the U.S. has created Western European doubts as to whether the U.S. would risk destruction by responding with strategic nuclear forces to Soviet military action in force against Europe. These misgivings have increased the vulnerability of Western Europe to Soviet threats and blandishments. The need for a NATO defense which provides effective deterrence against any limited Soviet Bloc military action in Europe has therefore been intensified.

While it is possible that changes within the U.S.S.R. may bring about a lessening of the Soviet threat to NATO, there is no reliable evidence that such a lessening is taking place. It would be dangerous for NATO to act on the basis of any other estimate than that the weakening and disruption of NATO continues to be a major objective of the Soviet Union. Hence, NATO's main task, now as in the past, is to build a military posture which will provide a sense of security and enable the strengthening of NATO's political cohesion, while at the same time developing more effective policies for countering Soviet strategy in other areas of the free world.

B. What should the NATO military posture be for the 1960's?

There are two principal alternatives as follows:

1. "Trip wire" strategy.

This strategy would involve the maintenance of such limited tactical military forces in NATO's forward area as would be required to insure the involvement of NATO forces in the event of Soviet Bloc aggression in Europe. Its deterrent value would depend entirely on the continued capability of Western strategic nuclear forces to destroy the Soviet Union, assuming that the U.S.S.R. would be unwilling to risk any limited aggression in Europe for fear of massive retaliation.

The forces required for a "trip wire" strategy could be maintained without difficulty. The resulting economies could be applied to reducing defense budgets and/or the acceleration of nuclear strategic capabilities in both Western Europe and the U.S.

However, it is most unlikely that, under conditions of nuclear parity between the U.S. and the U.S.S.R., Western Europe would have confidence in a strategy based entirely on massive retaliation against limited Soviet Bloc aggression. Such a strategy would make Western Europe highly vulnerable to

Soviet threats

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Soviet threats of force and proposals for accommodation. Moreover, the Soviet Bloc might well estimate that it could with impunity engage in limited military action in Europe. It is extremely doubtful that the NATO Alliance could survive on the basis of a "trip wire" strategy.

2. NATO "Shield" strategy.

This strategy requires the maintenance of strong military forces in Western Europe to ensure that a major Soviet offensive in Europe would bring about massive retaliation by the Western strategic "Sword" and to arrest such an offensive if it should occur, while at the same time being prepared to deal effectively with any hostile local actions by Soviet Bloc forces. For these purposes, the "Shield" force must be continually strengthened with nuclear and other weapons of the most modern type, but must also contain conventional forces adequate to cope with hostile local actions. MC 70 represents the best available military projection of the minimum essential forces required for the "Shield" strategy.

There are those in both Europe and the U.S. who maintain that the NATO Shield should have a larger nuclear capability, or a larger conventional capability, or both, than is provided by MC 70. Furthermore, the UK and French Governments maintain that they must have independent nuclear deterrent forces to offset doubts that U.S. strategic forces would respond to a Soviet offensive in force against Europe, and this view is shared to some extent elsewhere in Western Europe. While these views merit careful consideration, an analysis of their implications is not required for the more urgent decisions that must be made shortly on U.S. force levels and military aid. It is sufficient for present purposes to recognize that they all point toward greater Shield requirements and higher costs than are indicated by MC 70.

A strong and balanced NATO Shield force, in combination with effective Western strategic forces, is the best presently available means of providing a deterrent in which Western Europe can have that confidence which is the first requisite for the maintenance of political cohesion in the NATO Alliance and of the will to resist Soviet blandishments or military blackmail.

C. What should be the U.S. military contribution to the NATO Shield?

1. Basic assumptions regarding the U.S. role.

(a) U.S. military forces in Europe. An essential element of the NATO Shield strategy is the continued presence in Europe of sufficient U.S. forces to demonstrate U.S. determination to help defend Western Europe. Without such evidence of U.S. intentions, the NATO Shield deterrent would have little validity in European eyes.

The President in 1955 stated publicly that the U.S. would "continue
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to maintain in Europe, including Germany, such units of its armed forces as may be necessary and appropriate to contribute its fair share of the forces needed for the joint defense of the North Atlantic area while the threat to the area exists, and will continue to deploy such forces in accordance with agreed North Atlantic strategy for the defense of this area." In accepting MC 70, the U.S. agreed with its NATO allies that the U.S. forces specified in MC 70 represent its "fair share" contribution to the Shield requirements.

This continuing commitment does not mean that the U.S. must maintain indefinitely the present magnitude of its NATO forces in Europe. It is only logical that, as the defense potential of NATO Europe increases, these countries should meet a larger portion of the Shield force requirements and the U.S. should be enabled to reduce its contribution. However, the President's 1955 statement clearly committed the U.S. not to curtail the combat strength of the U.S. forces deployed in accordance with MC 70 requirements except as might be provided by modified NATO defense plans.

(b) U.S. military aid. At the inception of NATO, it was recognized that a "fair share" contribution by the U.S. to achievement of an effective Shield force would also require substantial U.S. military aid to NATO Europe. In view of the increased complexity of weapons technology and because of the magnitude of the overall military requirements, the provision of substantial U.S. military aid continues to be an essential element of the U.S. role.

2. Could the U.S. objective of an effective NATO Shield force be achieved while reducing the U.S. force contributions and/or military aid?

(a) Short-term possibilities. NATO Europe as a whole has greatly increased its defense contribution since the inception of NATO, and should be able to accelerate its defense build-up further. Germany and the UK have for some time been independent of U.S. military aid for their NATO forces, and certain other countries may now find it possible to obtain more of their military equipment requirements through procurement in Europe or the U.S. rather than through grant military aid.

However, the extent to which NATO Europe (or the U.S.) can reasonably be expected to increase its defense expenditures within a given time period is conditioned by political as well as by economic considerations, and it is therefore difficult to determine with any degree of precision the magnitude of increases that might be expected. The present per capita GNP and consumption in NATO Europe is less than one-half that in the U.S. and yet the level of taxation is higher. These facts impose very real limitations on the possibilities for major increases in Western European defense expenditures over the short run.

The magnitude of MC 70 requirements is such that their achievement cannot realistically be expected without an increase in the level of U.S. military aid as well as in European defense efforts. There are substantial

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shortfalls in each NATO European country's achievement of its apportioned force contribution in the time-phased build-up required to meet MC 70 goals by the end of 1963. The maximum politically feasible increases in Western European defense expenditures would undoubtedly fall short of the costs involved in meeting the full MC 70 requirements by 1963. Therefore, whatever increased defense expenditures can be undertaken by European NATO governments between now and 1963 should be applied to accelerating their assigned build-up under MC 70.

It follows that, if MC 70 goals are to be realized, it would not be possible to reapportion national force contributions within MC 70 so as to permit a reduction of the U.S. forces committed to NATO. To initiate any such rearrangement prior to the approximate completion of the MC 70 force build-up would jeopardize the entire Shield effort. Barring the development of an acceptable arrangement with the U.S.S.R. for a mutual limitation on forces in Europe, it does not appear that there would be any convincing rationale for a revision in the near future of the Shield strategy or MC 70 requirements on the basis of which there might be a NATO agreed curtailment of the U.S. force contribution. Even though it may not be possible for NATO Europe to meet all MC 70 requirements fully by 1963, adherence to an agreed force requirements plan is essential as a stimulus to maximum defense effort by the Western European countries.

Nevertheless, it may be that those governments with substantially improved economic positions could, in addition to accelerating their own military programs, help to some extent in the provision of military equipment on a grant basis to NATO countries unable to procure their own requirements. This would help to reduce the need for U.S. military assistance. Moreover, to the extent that the European donor governments were to procure such equipment from the U.S., it would alleviate the U.S. balance of payments problem. This problem could also be alleviated by a somewhat greater European contribution to the financing of NATO infrastructure programs. However, the European response in these fields would be conditioned basically by the nature of U.S. leadership. The Alliance has in the past proven responsive to positive leadership by the U.S. as its most powerful member. For U.S. policy toward NATO to succeed in the future, it must continue to be positive in nature, leading the Europeans at a politically realistic rate to greater effort by its own example.

(b) Longer-term possibilities. When MC 70 goals have been achieved, it should be possible to undertake a reapportionment of national force contributions to the NATO Shield force. The further expansion of Western Europe's economic capacity for defense production and military programs generally should enable the U.S. by 1963 to reduce its force contributions and military aid to NATO. These possibilities would be augmented by now increasing U.S. encouragement of, and assistance to, NATO programs for the development and production in Europe of both conventional and advanced weapons.

D. What would be the effects of a substantial reduction by the U.S.

in the near future

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in the near future of its NATO-committed forces in Europe?

1. On NATO?

The U. S. has taken the lead within NATO in formulating the NATO Political Directive and Strategic Concept, in stressing the great importance of strengthening the NATO Shield, and in exhorting a maximum effort by all to achieve MC 70. Moreover, in accordance with the President's 1955 commitment (see C.1 above), the U.S. has just reaffirmed in the 1959 NATO Annual Review that it will maintain its MC 70 forces in Europe through calendar year 1960, although allowance was made for the possibility of some subsequent adjustments, as in previous years (these have been of a minor nature).

Consequently, any abrupt U.S. reduction of its forces in Europe would be regarded as initiating a major reversal of U.S. policy in the direction of a "Fortress America" concept. It would intensify Western European doubts regarding the firmness of U.S. intentions to defend Europe, tend to destroy their confidence in the NATO Shield, and invite a chain reaction in Western Europe to relax defense efforts. It would also give credence to fears that the U.S. was preparing to settle outstanding East-West issues directly with the U.S.S.R. without regard to the vital interests of our Allies. It would give a strong stimulus to nationalist and anti-NATO attitudes in Europe, particularly those of de Gaulle. The political cohesion of the NATO Alliance would in all probability be seriously threatened.

Since MC 70 is the NATO military authorities' estimate of the minimum essential requirements for an effective Shield strategy, any clear indication that these requirements will not be met would, in the absence of a convincing rationale therefor, require a reformulation of the NATO Strategic Concept and of the Political Directive to authorize a revision of NATO defense plans in accordance with the reduced military capabilities. The new concepts and plans would, in all probability, involve sufficient modification of the present "forward strategy" so that some portion of Germany would be left essentially undefended. Such a development would confirm the more pessimistic and extreme of the European reactions to a substantial reduction of U.S. forces in Europe.

2. On the Western posture in prospective negotiations with the U.S.S.R.?

Any abrupt U.S. reductions in its NATO-committed forces would, both in itself and through its effect on the defense efforts and political cohesion of other NATO countries, undermine the Western negotiating position in the prospective negotiations with the U.S.S.R. on Berlin and Germany or disarmament. The Soviets would conclude that the relaxation of the NATO defense effort had been brought about by Khrushchev's detente. This would

lead them

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lead them to stiffen their demands on substantive issues while on the other hand fostering the detente atmosphere by continuing to preach peaceful coexistence and disarmament. Furthermore, the effect of significant U.S. reductions on our European allies, especially the French and Germans, would make it far more difficult to develop a unified Western position for negotiation with the Soviets.

On the other hand, the possibility of a reduction of U.S. forces committed to NATO might be used effectively in negotiations with the U.S.S.R. to extract from the Soviets acceptable reciprocal concessions for force limitations in Europe.

Concurrences:

RA - Mr. Fessenden
S/P - Mr. Furnas
U/MAC - Mr. Weiss

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